

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
:
LEHMAN BROTHERS HOLDINGS INC., et al., : **08-13555 (JMP)**
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Debtors. : **(Jointly Administered)**
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**ORDER GRANTING DEBTORS' MOTION PURSUANT TO SECTIONS 105(a) AND
363(b)(1) OF THE BANKRUPTCY CODE FOR AUTHORIZATION TO IMPLEMENT
2012 DERIVATIVES INCENTIVE PROGRAM AND CERTAIN RELATED RELIEF**

Upon the motion, dated September 28, 2011 (the "Motion")¹, of Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors" and, together with their non-debtor affiliates, "Lehman"), pursuant to sections 105(a) and 363 of title 11 of the United States Code (the "Bankruptcy Code") for (i) authorization to adopt, implement or otherwise take actions consistent with the Derivatives Incentive Plan as described in the Motion, including making all payments thereunder, (ii) authorization to modify certain aspects of the Retention and Recruitment Program for derivatives employees, including to modify the criteria that must be satisfied for derivatives employees to earn their 2012 Contractual Bonus, and (iii) approval of an administrative expense priority of distribution entitlements under the Derivatives Incentive Plan and the modified Retention and Recruitment Program for derivatives employees, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided in accordance with the procedures set forth in the amended order entered June 17, 2010 governing case management and administrative procedures [ECF No. 9635] to (i) the United States Trustee for the Southern District of New York; (ii) the attorneys for the Official Committee of Unsecured Creditors; (iii) the Securities and Exchange Commission; (iv) the Internal Revenue Service; (v) the United States Attorney for the Southern District of New York; and (vi) all parties who have requested notice in these chapter 11 cases, and it appearing that no other or further notice need be provided; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that the Debtors are authorized to take all necessary action to adopt, implement or otherwise take actions consistent with the Derivatives Incentive Plan, including making all payments thereunder; and it is further

ORDERED that the Debtors are authorized to take all necessary action to adopt, implement or otherwise take actions consistent with the modifications to the Retention and Recruitment Program with respect to derivatives employees on the terms and conditions set forth in the Motion, including making all payments thereunder; and it is further

ORDERED that distribution entitlements under the Derivatives Incentive Plan and the modified Retention and Recruitment Program with respect to derivatives employees are entitled to administrative expense status and priority under sections 503(b)(1)(A) and 507(a)(2); and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: New York, New York
October 19, 2011

s/ James M. Peck
UNITED STATES BANKRUPTCY JUDGE